

Message Text

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44

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 EB-07 FRB-03

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E.O. . 11652: N/A

TAGS: BEXP, IR

SUBJ: AMERICAN MEDICORP

1. BEGIN UNCLASSIFIED - "TEHRAN JOURNAL" FEBRUARY 19 CARRIED
FRONT PAGE ARTICLE HEADLINED "THREE FOREIGN FIRMS FACE SWINDLE
CHARGES." TEXT AS FOLLOWS:

2. QUOTE - OFFICIALS YESTERDAY UNVEILED PLANS FOR THE PR-
SECUTION OF THREE BRITISH, AMERICAN AND FRENCH FIRMS ON
CHARGES OF TRYING TO SWINDLE THE IRANIAN GOVERNMENT ON HOS-
PITAL PROJECTS.

3. QUOTE - ELABORATING ON THE "CONSPIRACY" FOR DEFRAUDING
THE IRANIAN GOVERNMENT TO THE EXTENT OF SEVERAL MILLION
DOLLARS, INFORMED SOURCES RECALLED THAT ABOUT TWO YEARS
AGO THE MINISTRY OF HEALTH PREPARED A PLAN FOR BUILDING
SEVERAL LARGE HOSPITALS UNDER WHICH FOREIGN FIRMS WERE
INVITED TO SUBMIT TENDERS FOR BUILDING THE HOSPITALS AND
EQUIPPING THEM WITH ULTRA-MODERN EQUIPMENT TO THEM.

4. QUOTE- ACCORDING TO THESE SOURCES, THE PLAN, PREPARED
ON A 'TURN-KEY BASIS,' REQUIRED TO DELIVER THE HOSPITALS
TO THE HEALTH MINISTRY IN SUCH A MANNER THAT THEY WOULD BE
READY FOR USE IMMEDIATELY.

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5. QUOTE - FOLLOWING THE PUBLICATION OF THE TENDERS CALLING

FOR BIDS, THE FRENCH FIRM SEDIM, AMERICAN MEDICORP AND THE BRITISH COMPANY CEMENTATION SENT THEIR REPRESENTATIVES TO TEHRAN TO OPEN NEGOTIATIONS WITH THE MINISTRY OF HEALTH AUTHORITIES AND FINALLY SUCCEEDED IN ENTERING INTO AGREEMENTS WITH WHE IRANIAN AUTHORITIES.

6. QUOTE - DURING THE PRELIMINARY TALKS, IT WAS RECALLED YESTERDAY, THE COMPANIES WERE REQUIRED TO SUBMIT ALL THIER EXECUTIVE PLANS AND ESTIMATES OF COSTS TO THE IRANIAN AUTHORITIES AND HAVE THEIR APPROVAL BEFORE THE IMPLEMENTATION OF THE PROJECT.

7. QUOTE - AFTER A YEARS'S DELAY, THE SOURCES SAID, THE THREE COMPANIES SUBMITTED THEIR QUOTATIONS WHICH WERE REVIEWED BY A COMMITTEE OF IRANIAN EXPRETS AND IT WAS FOUND THAT THE COSTS PROPOSED WERE FOUR OR FIVE TIMES HIGHER THAN THET PRICES PREVAILING IN EUROPE AND THE UNITED STATES.

8. QUOTE - ACCORDING TO THE REPORTS OF THE IRANIAN EXPERTS, WHILE THE MOST EXPENSIVE BED IN A HOSPITAL COSTS ABOUT THREE MILLION RIALS IN EUROPE, TOGETHER WITH ALL THE PARAPHERNALIA, THE AVERAGE PRICE QUOTED BY THE FOREIGN FIRMS WAS TWENTY MILLION RIALS.

9. QUOTE - FOLLOWING THESE STUDIES CONDUCTED BY THE IRANIAN AUTHORITIES, THE COMPANIES ADMITTED THAT THEIR PRICE WAS HIGH AND AGREED TO REVISE THEM. AFTER A LITTLE WHILE, THEIR REPRESENTATIVES RETURNED TO THERAN WITH NEW PRICES WHICH WERE AGAIN SUBMITTED TO SCURTINY.

10. QUOTE - THIS TIME THE INVESTIGATORS REPORTED THAT THE SEEMINGLY LOWER PRICE IN FACT WOULD NOT BE IN IRAN'S FAVOR BECAUSE THE COMPANIES HAD TRIED TO REDUCE THE QUALITY OF WORK AND NATURE OF MACHINERY TO BE SUPPLIED.

11. QUOTE - THE OFFICIAL SOURCES SAID IT APPEARED THAT THE COMPANIES HAD BELIEVED THAT THEY HAD BEEN INVITED TO PLUNDER IRAN. THEY SOON REALIZED, HOWEVER, THAT THEY WERE NOT DEALING WITH SOMEONE WHO HAD EARNED A LOT OF MONEY IN A WINDFALL. LIMITED OFFICIAL USE

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12. QUOTE - THESE SOURCES SAID THAT THE IRANIAN GOVERNMENT NOT ONLY PLANNED TO ANNUL THE AGREEMENTS WITH THESE FIRMS BUT WAS ALSO CONSIDERING OTHER LEGAL METHODS TO RECOVER DAMAGE IT HAD SUSTAINED THROUGH A DELAY IN THE IMPLEMENTATION OF THE PROJECTS.

13. QUOTE - DISCUSSING THE DETAILS OF THE AGREEMENT REACHED

BETWEEN THE THREE FOREIGN FIRMS AND THE HEALTH MINISTRY WHICH HAS NOW BEEN AMALGAMATED WITH THE MINISTRY OF SOCIAL WELFARE, UNDER SHOJAEDDIN SHEIKHOLESLAMZADEH RPT SHOJAEDDIN SHEIKHOLESLAMZADEH, THE THREE FIRMS WERE TO ESTABLISH HOSPITALS WITH A TOTAL OF 6,000 BEDS.

14. QUOTE - THE THREE FIRMS, SEDIM, MEDICORP AND CEMENTATION, WERE SELECTED FROM NINE WHOSE QUALIFICATIONS TO BUILD THE HOSPITALS WERE ACCEPTED BY THE IRANIAN AUTHORITIES. IN ALL, ACCORDING TO THOSE SOURCES, SOME 40 FOREIGN FIRMS HAD PARTICIPATED IN THE IRANIAN TENDER.

15. QUOTE - THE SOURCES SAID THAT EACH OF THE THREE FIRMS WERE ASKED TO PREPARE PLANS FOR BUILDING HOSPITALS WITH A TOTAL CAPACITY OF 2,000 BEDS EACH.

16. QUOTE - UNDER THE AGREEMENT WITH THE IRANIAN GOVERNMENT, THE THREE COMPANIES WERE TO RECEIVE A SUM OF TWO MILLION DOLLARS BY WAY OF AN ADVANCE PAYMENT WHICH HAS NOW BEEN STOPPED.
UNQUOTE

17. SIMILAR ARTICLES APPEARED IN "KAYHAN INTERNATIONAL" AND IN FARSI LANGUAGE PRESS. END UNCLASSIFIED

18. BEGIN LIMITED OFFICIAL USE - EMBOFFS SPOKE WITH REPRESENTATIVES UNDERSECRETARIES IN MINISTRIES OF HEALTH AND SOCIAL WELFARE TO ASCERTAIN VALIDITY OF ABOVE. SOURCES CONFIRMED THAT MEDICORP, BRITISH AND FRENCH FIRMS WOULD RECEIVE LETTERS STATING THAT BECAUSE OF DELAYS CAUSED BY FOREIGN FIRMS AND RESULTING ESCALATION IN PRICES, LETTERS OF INTENT WOULD BE CANCELLED AND "CANCELLATION FEE" (BASICALLY FEE FOR WORK ALREADY PERFORMED) WOULD NOT BE PAID. OFFICIALS CONTACTED WERE NOT ABLE TO COMMENT ON POSSIBILITY OF PROSECUTION AND SOURCE
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OF NEWS STORY NOT YET IDENTIFIED. DUE THURSDAY-FRIDAY WEEK-END, EMBASSY UNABLE TO PURSUE MATTER FURTHER, BUT WILL CONTINUE TO ATTEMPT TO IDENTIFY SOURCE AND VALIDITY OF NEWS REPORTS.

19. COMMENT: ABOVE MAY BE PLOY TO AVOID APPROXIMATELY 6.5 MILLION DOLLARS FOR FEASIBILITY WORK ON PROJECT WHICH HAS BEEN SCRAPPED DURING RESTRUCTURING HEALTH/SOCIAL WELFARE MINISTRIES. WE ADVISE MEDICORP REPS NOT TO VISIT IRAN UNTIL QUESTION OF PROSECUTION IS CLEARER.

20. ACTION REQUESTED: PLEASE ADVISE MEDICORP OF SITUATION. DEPARTMENT'S COMMENTS WOULD BE APPRECIATED.
HELMS

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